

**Mariner Health of Nashville
Nashville, Tennessee**

**Cost Report and Resident Accounts
For the Period
January 1 Through December 31, 2002**

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
State Capitol
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John G. Morgan
Comptroller

March 17, 2005

The Honorable Phil Bredesen, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
J. D. Hickey, M.D., Deputy Commissioner
Bureau of TennCare
Department of Finance and Administration
729 Church Street, Fifth Floor
Nashville, Tennessee 37247

Ladies and Gentlemen:

Pursuant to Section 71-5-130, *Tennessee Code Annotated*, and a cooperative agreement between the Comptroller of the Treasury and the Department of Finance and Administration, the Division of State Audit performs examinations of nursing facilities participating in the Tennessee Medical Assistance Program under Title XIX of the Social Security Act (Medicaid).

Submitted herewith is the report of the examination of the Medicaid cost report of Mariner Health of Nashville, Nashville, Tennessee, for the period January 1 through December 31, 2002, and resident accounts for the period January 1 through December 31, 2002.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/pn
04/029

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

TennCare Report

Mariner Health of Nashville

Nashville, Tennessee

Cost Report and Resident Accounts

For the Period

January 1 Through December 31, 2002

**THE EXAMINATION FOUND NO MATERIAL DEFICIENCIES OR DISCREPANCIES IN THE COST REPORT OR
THE ACCOUNTS**

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• This Medicaid report contains no findings	

**Mariner Health of Nashville
Nashville, Tennessee
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INTRODUCTION

PURPOSE AND AUTHORITY OF THE EXAMINATION

The terms of contract between the Tennessee Department of Finance and Administration and the Tennessee Comptroller's office authorize the Comptroller to perform examinations of nursing facilities that participate in the Tennessee Medicaid Nursing Facility Program.

Under their agreements with the state and as stated on cost reports submitted to the state, participating nursing facilities have asserted that they are in compliance with the applicable state and federal regulations covering services provided to Medicaid-eligible recipients. The purpose of our examination is to render an opinion on the nursing facilities' assertions that they are in compliance with such requirements.

BACKGROUND

To receive services under the Medicaid Nursing Facility Program, a recipient must meet Medicaid eligibility requirements under one of the coverage groups included in the *State Plan for Medical Assistance*. The need for nursing care is not in itself sufficient to establish eligibility. Additionally, a physician must certify that recipients need nursing facility care before they can be admitted to a facility. Once a recipient is admitted, a physician must certify periodically that continued nursing care is required. The number of days of coverage available to recipients in a nursing facility is not limited.

The Medicaid Nursing Facility Program provides for nursing services on two levels of care. Level I Nursing Facility (NF-1) services are provided to recipients who do not require an intensive degree of care. Level II Nursing Facility (NF-2) services, which must be under the direct supervision of licensed nursing personnel and under the general direction of a physician, represent a higher degree of care.

Mariner Health of Nashville, Nashville, Tennessee, provides both NF-1 and NF-2 services. The facility is owned and operated by Mariner Health Care, Inc., of Houston, Texas. Mariner Health Care, Inc.'s officers and board of directors are as follows:

Sandy Klein, Director and President
 Christopher Bland, Director
 Carolina Den Brok-Perez
 Boyd P. Gentry
 Greg Moore
 Clarence A. Shelton, III
 Darrell D. Zurovec
 Stefano M. Miele

Hank Barber, Director
 Rogelio Coronado
 Bruce H. Duner
 Robert A. Kalin
 Johnnie M. Richardson
 William C. Straub
 Steven S. Heinrichs
 Wynn G. Sims

During the examination period, the facility maintained a total of 150 licensed nursing facility beds. The Division of Quality Assurance of the Department of Health licensed the facility for these beds. Eligible recipients receive services through an agreement with the Department of Health. Of the 54,750 available bed days, the facility reported 13,154 for Medicaid NF-1 residents and 1,070 for Medicaid NF-2 residents for the year ended December 31, 2002. Also, the facility reported total operating expenses of \$6,974,563 for the period.

The Division of Quality Assurance inspected the quality of the facility's physical plant, professional staff, and resident services. The nursing facility met the required standards.

The following Medicaid reimbursable rates were in effect for the period covered by this examination:

<u>Period</u>	<u>Level I NF (744-0597)</u>
January 1 to July 31, 2002	\$ 99.45
August 1 to December 31, 2002	\$114.56
	<u>Level II NF (044-5267)</u>
January 1 to December 31, 2002	\$149.08

PRIOR EXAMINATION FINDINGS

This is the first examination of Mariner Health of Nashville.

SCOPE OF THE EXAMINATION

Our examination covers certain financial-related requirements of the Medicaid Nursing Facility Program. The requirements covered are referred to under management's assertions specified later in the Independent Accountant's report. Our examination does not cover quality of care, clinical, or medical provisions.



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
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Independent Accountant's Report

October 15, 2003

The Honorable Phil Bredesen, Governor
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243
and
Mr. Manny Martins, Deputy Commissioner
Bureau of TennCare
Department of Finance and Administration
729 Church Street, Fifth Floor
Nashville, Tennessee 37247

Ladies and Gentlemen:

We have examined management's assertions, included in its representation letter dated October 15, 2003, that Mariner Health of Nashville complied with the following requirements during the cost report period January 1 through December 31, 2002, and to the facility's resident accounts for the period January 1 through December 31, 2002.

- Income and expenses reported on the Medicaid Cost Report are reasonable, allowable, and in accordance with state and federal rules, regulations, and reimbursement principles.
- Resident days reported on the Medicaid Cost Report have been counted in accordance with state regulations. Medicaid resident days billed to the state for periods when residents were hospitalized or on therapeutic leave are in accordance with the 15-day hospital stay rule, the 85% occupancy rule, and the 60-day therapeutic leave day rule.

- Charges to residents and charges to residents' personal funds are in accordance with state and federal regulations.

As discussed in management's representation letter, management is responsible for ensuring compliance with those requirements. Our responsibility is to express an opinion on management's assertions about the facility's compliance based on our examination.

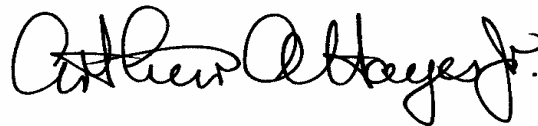
Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants, and accordingly, included examining on a test basis, evidence about Mariner Health of Nashville's compliance with those requirements and performing such other procedures as we considered necessary under the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Mariner Health of Nashville's compliance with specified requirements.

Our examination disclosed no material exceptions.

In our opinion, management's assertions that Mariner Health of Nashville complied with the aforementioned requirements for the cost reporting period January 1 to December 31, 2002, and for resident accounts for the period January 1 to December 31, 2002, are fairly stated in all material respects.

This report is intended solely for the use of the Tennessee General Assembly and the Tennessee Department of Finance and Administration. However, this report is a matter of public record, and its distribution is not limited.

Sincerely,

A handwritten signature in black ink, appearing to read "Arthur A. Hayes, Jr.", with a stylized, cursive script.

Arthur A. Hayes, Jr., CPA,
Director

AAH/pn

FINDINGS AND RECOMMENDATIONS

The examination of Mariner Health of Nashville disclosed no findings.